

THAT IT IS NOT WICKED TO BE RICH; NAY, EVEN, THAT IT IS NOT WICKED TO BE RICHER THAN ONE'S NEIGHBOR.

I have before me a newspaper slip on which a writer expresses the opinion that no one should be allowed to possess more than one million dollars' worth of property. Alongside of it is another slip, on which another writer expresses the opinion that the limit should be five millions. I do not know what the comparative wealth of the two writers is, but it is interesting to notice that there is a wide margin between their ideas of how rich they would allow their fellow-citizens to become, and of the point at which they ("the State," of course) would step in to rob a man of his earnings. These two writers only represent a great deal of crude thinking and declaiming which is in fashion. I never have known a man of ordinary common-sense who did not urge upon his sons, from earliest childhood, doctrines of economy and the practice of accumulation. A good father believes that he does wisely to encourage enterprise, productive skill, prudent self-denial, and judicious expenditure on the part of his son. The object is to teach the boy to accumulate capital. If, however, the boy should read many of the diatribes against "the rich" which are afloat in our literature; if he should read or hear some of the current discussion about "capital;" and if, with the ingenuousness of youth, he should take these productions at their literal sense, instead of discounting them, as his father does, he would be forced to believe that he was on the path of infamy when he was earning and saving capital. It is worth while to consider which we mean or what we mean. Is it wicked to be rich? Is it mean to be a capitalist? If the question is one of degree only, and it is right to be rich up to a certain point and wrong to be richer, how shall we find the point? Certainly, for practical purposes, we ought to define the point nearer than between one and five millions of dollars.

There is an old ecclesiastical prejudice in favor of the poor and against the rich. In days when men acted by ecclesiastical rules these prejudices produced waste of capital, and helped mightily to replunge Europe into barbarism. The prejudices are not yet dead, but they survive in our society as ludicrous contradictions and inconsistencies. One thing must be granted to the rich: they are goodnatured. Perhaps they do not recognize themselves, for a rich man is even harder to define than a poor one. It is not uncommon to hear a clergyman utter from the pulpit all the old prejudice in favor of the poor and against the rich, while asking the rich to do something for the poor; and the rich comply, without apparently having their feelings hurt at all by the invidious comparison. We all agree that he is a good member of society who works his way up from poverty to wealth, but as soon as he has worked his way up we begin to regard him with suspicion, as a dangerous member of society. A newspaper starts the silly fallacy that "the rich are rich because the poor are industrious," and it is copied from one end of the country to the other as if it were a brilliant apothegm. "Capital" is denounced by writers and speakers who have never taken the trouble to find out what capital is, and who use the word in two or three different senses in as many pages. Labor organizations are formed, not to employ combined effort for a common object, but to indulge in declamation and denunciation, and especially to furnish an easy living to some officers who do not want to work. People who have rejected dogmatic religion, and retained only a residuum of religious sentimentalism, find a special field in the discussion of the rights of the poor and the duties of the rich. We have denunciations of banks, corporations, and monopolies, which denunciations encourage only helpless rage and animosity, because they are not controlled by any definitions or limitations, or by any distinctions between what is indispensably necessary and what is abuse, between what is established in the order of nature and what is legislative error. Think, for instance, of a journal which makes it its special business to denounce monopolies, yet favors a protective tariff, and has not a word to say against trades-unions or patents! Think of public teachers who say that the farmer is ruined by the cost of transportation, when they mean that he cannot make any profits because his farm is too far from the market, and who denounce the railroad because it does not correct for the farmer, at the expense of its stockholders, the disadvantage which lies in the physical situation of the farm! Think of that construction of this situation which attributes all the trouble to the greed of "moneyed corporations!" Think of the piles of rubbish that one has read about corners, and watering stocks, and selling futures!

Undoubtedly there are, in connection with each of these things, cases of fraud, swindling, and other financial crimes; that is to say, the greed and selfishness of men are perpetual. They put on new phases, they adjust themselves to new forms of business, and constantly devise new methods of fraud and robbery, just as burglars

devise new artifices to circumvent every new precaution of the lock-makers. The criminal law needs to be improved to meet new forms of crime, but to denounce financial devices which are useful and legitimate because use is made of them for fraud, is ridiculous and unworthy of the age in which we live. Fifty years ago good old English Tories used to denounce all joint-stock companies in the same way, and for similar reasons.

All the denunciations and declamations which have been referred to are made in the interest of “the poor man.” His name never ceases to echo in the halls of legislation, and he is the excuse and reason for all the acts which are passed. He is never forgotten in poetry, sermon, or essay. His interest is invoked to defend every doubtful procedure and every questionable institution. Yet where is he? Who is he? Who ever saw him? When did he ever get the benefit of any of the numberless efforts in his behalf? When, rather, was his name and interest ever invoked, when, upon examination, it did not plainly appear that somebody else was to win—somebody who was far too “smart” ever to be poor, far too lazy ever to be rich by industry and economy?

A great deal is said about the unearned increment from land, especially with a view to the large gains of landlords in old countries. The unearned increment from land has indeed made the position of an English landowner, for the last two hundred years, the most fortunate that any class of mortals ever has enjoyed; but the present moment, when the rent of agricultural land in England is declining under the competition of American land, is not well chosen for attacking the old advantage. Furthermore, the unearned increment from land appears in the United States as a gain to the first comers, who have here laid the foundations of a new State. Since the land is a monopoly, the unearned increment lies in the laws of Nature. Then the only question is, Who shall have it?—the man who has the ownership by prescription, or some or all others? It is a beneficent incident of the ownership of land that a pioneer who reduces it to use, and helps to lay the foundations of a new State, finds a profit in the increasing value of land as the new State grows up. It would be unjust to take that profit away from him, or from any successor to whom he has sold it. Moreover, there is an unearned increment on capital and on labor, due to the presence, around the capitalist and the laborer, of a great, industrious, and prosperous society. A tax on land and a succession or probate duty on capital might be perfectly justified by these facts. Unquestionably capital accumulates with a rapidity which follows in some high series the security, good government, peaceful order of the State in which it is employed; and if the State steps in, on the death of the holder, to claim a share of the inheritance, such a claim may be fully justified. The laborer likewise gains by carrying on his labor in a strong, highly civilized, and well-governed State far more than he could gain with equal industry on the frontier or in the midst of anarchy. He gains greater remuneration for his services, and he also shares in the enjoyment of all that accumulated capital of a wealthy community which is public or semi-public in its nature.

It is often said that the earth belongs to the race, as if raw land was a boon, or gift. Raw land is only a *chance* to prosecute the struggle for existence, and the man who tries to earn a living by the subjugation of raw land makes that attempt under the most unfavorable conditions, for land can be brought into use only by great hardship and exertion. The boon, or gift, would be to get some land after somebody else had made it fit for use. Any one in the world to-day can have raw land by going to it; but there are millions who would regard it simply as “transportation for life,” if they were forced to go and live on new land and get their living out of it. Private ownership of land is only division of labor. If it is true in any sense that we all own the soil in common, the best use we can make of our undivided interests is to vest them all gratuitously (Just as we now do) in any who will assume the function of directly treating the soil, while the rest of us take other shares in the social organization. The reason is, because in this way we all get more than we would if each one owned some land and used it directly. Supply and demand now determine the distribution of population between the direct use of land and other pursuits; and if the total profits and chances of land-culture were reduced by taking all the “unearned increment” in taxes, there would simply be a redistribution of industry until the profits of land-culture, less taxes and without chances from increasing value, were equal to the profits of other pursuits under exemption from taxation.

It is remarkable that jealousy of individual property in land often goes along with very exaggerated doctrines of tribal or national property in land. We are told that John, James, and William ought not to possess part of the

earth's surface because it belongs to all men; but it is held that Egyptians, Nicaraguans, or Indians have such right to the territory which they occupy, that they may bar the avenues of commerce and civilization if they choose, and that it is wrong to override their prejudices or expropriate their land. The truth is, that the notion that the race owns the earth has practical meaning only for the latter class of cases.

The great gains of a great capitalist in a modern state must be put under the head of wages of superintendence. Any one who believes that any great enterprise of an industrial character can be started without labor must have little experience of life. Let any one try to get a railroad built, or to start a factory and win reputation for its products, or to start a school and win a reputation for it, or to found a newspaper and make it a success, or to start any other enterprise, and he will find what obstacles must be overcome, what risks must be taken, what perseverance and courage are required, what foresight and sagacity are necessary. Especially in a new country, where many tasks are waiting, where resources are strained to the utmost all the time, the judgment, courage, and perseverance required to organize new enterprises and carry them to success are sometimes heroic. Persons who possess the necessary qualifications obtain great rewards. They ought to do so. It is foolish to rail at them. Then, again, the ability to organize and conduct industrial, commercial, or financial enterprises is rare; the great captains of industry are as rare as great generals. The great weakness of all co-operative enterprises is in the matter of supervision. Men of routine or men who can do what they are told are not hard to find; but men who can think and plan and tell the routine men what to do are very rare. They are paid in proportion to the supply and demand of them.

If Mr. A. T. Stewart made a great fortune by collecting and bringing dry-goods to the people of the United States, he did so because he understood how to do that thing better than any other man of his generation. He proved it, because he carried the business through commercial crises and war, and kept increasing its dimensions. If, when he died, he left no competent successor, the business must break up, and pass into new organization in the hands of other men. Some have said that Mr. Stewart made his fortune out of those who worked for him or with him. But would those persons have been able to come together, organize themselves, and earn what they did earn without him? Not at all. They would have been comparatively helpless. He and they together formed a great system of factories, stores, transportation, under his guidance and judgment. It was for the benefit of all; but he contributed to it what no one else was able to contribute—the one guiding mind which made the whole thing possible. In no sense whatever does a man who accumulates a fortune by legitimate industry exploit his employees, or make his capital “out of” anybody else. The wealth which he wins would not be but for him.

The aggregation of large fortunes is not at all a thing to be regretted. On the contrary, it is a necessary condition of many forms of social advance. If we should set a limit to the accumulation of wealth, we should say to our most valuable producers, “We do not want you to do us the services which you best understand how to perform, beyond a certain point.” It would be like killing off our generals in war. A great deal is said, in the cant of a certain school, about “ethical views of wealth,” and we are told that some day men will be found of such public spirit that, after they have accumulated a few millions, they will be willing to go on and labor simply for the pleasure of paying the wages of their fellow-citizens. Possibly this is true. It is a prophecy. It is as impossible to deny it as it is silly to affirm it. For if a time ever comes when there are men of this kind, the men of that age will arrange their affairs accordingly. There are no such men now, and those of us who live now cannot arrange our affairs by what men will be a hundred generations hence.

There is every indication that we are to see new developments of the power of aggregated capital to serve civilization, and that the new developments will be made right here in America. Joint-stock companies are yet in their infancy, and incorporated capital, instead of being a thing which can be overturned, is a thing which is becoming more and more indispensable. I shall have something to say in another chapter about the necessary checks and guarantees, in a political point of view, which must be established. Economically speaking, aggregated capital will be more and more essential to the performance of our social tasks. Furthermore, it seems to me certain that all aggregated capital will fall more and more under personal control. Each great company will be known as controlled by one master mind. The reason for this lies in the great superiority of personal

management over management by boards and committees. This tendency is in the public interest, for it is in the direction of more satisfactory responsibility. The great hinderance to the development of this continent has lain in the lack of capital. The capital which we have had has been wasted by division and dissipation, and by injudicious applications. The waste of capital, in proportion to the total capital, in this country between 1800 and 1850, in the attempts which were made to establish means of communication and transportation, was enormous. The waste was chiefly due to ignorance and bad management, especially to State control of public works. We are to see the development of the country pushed forward at an unprecedented rate by an aggregation of capital, and a systematic application of it under the direction of competent men. This development will be for the benefit of all, and it will enable each one of us, in his measure and way, to increase his wealth. We may each of us go ahead to do so, and we have every reason to rejoice in each other's prosperity. There ought to be no laws to guarantee property against the folly of its possessors. In the absence of such laws, capital inherited by a spendthrift will be squandered and re-accumulated in the hands of men who are fit and competent to hold it. So it should be, and under such a state of things there is no reason to desire to limit the property which any man may acquire.

Source: William Graham Sumner, *What Social Classes Owe to Each Other* (New York: Harper & Brothers, 1883), 43–57.